

“THE IMPACT OF E-WOM ON CONSUMER INTENTION TO SELECT HOLIDAY DESTINATION”

(EMPIRICAL STUDY ON INSTAGRAM USERS IN MALANG)

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This research aims at examining the effect of Electronic word of mouth variable such as Intensity, Valence of Opinion, and Content on Consumer Intention of Instagram Users to select holiday destination in Malang City. The questionnaire has been distributed to 100 respondents who Instagram users and lived in Malang City. The sampling technique used is purposive sampling and the research instruments were tested using the Validity Test, Reliability Test, and Classical Assumption Test. This research uses Multiple Regression Analysis to analyze the data. The result of multiple regression analysis indicates that Content, Valence of Opinion, and Intensity are significantly effect on Consumer Intention. It also known that Content is the most powerful and dominant variable among all the independent variables. The results of this research can be applied in a marketing strategy for the company and interested parties to maintain and maximize Intensity, Valence of Opinion, and Content to obtain a positive effect of Electronic Word of Mouth on potential customers that can lead to a purchase decision.

Keywords: Electronic Word of Mouth, Consumer Intention, Intensity, Valence of Opinion, Content

I. Introduction

Based on data from the UNWTO, the number of tourists traveling the world in 2015 were about 1.2 billion tourists. The level of tourist arrivals in the world increased by 4.4 percent during 2015 touching the figure of 1.18 billion. The number of tourists of the world in 2015 shows that there were more tourist destinations in the world to welcome the additional 50 million

tourists in 2015 than in 2014. In addition, 2015 also marks six years of consecutive growth in the world tourist characterized by the number of trips that were above average, with the percentage of international tourist arrivals increased by four per cent or more since 2010.

The Indonesia government itself did a campaign called “Wonderful Indonesia” to attract

more tourists to visit Indonesia. This campaign is not just targeted to foreign visitors, but also local ones. After 2010, the number of local tourists spending their money on holiday was increasing too. It means that local people also like to spend their time and money for travelling, whom most of them are attracted and influenced by internet & social media.

Trends are changing while this situation happened, because internet affects the desire of people to come and do travelling. Blogs, Facebook, twitter, and instagram was the social media contributing big influence that change people's way of travelling & holiday. Tourism businesses use digital distribution channels for their product to come into contact with virtual consumers, which means that social-media-platforms should allow consumers to interact and inform each other and personal digital assistants should help people stay connected while away from home or office. Compete (2007) found one-third of travel purchasers visit message boards, forum, or online community before their online travel purchasing

because they believe online reviews help them in making purchase decisions. Forrester Research (2006) estimated that 34.7% of total online spending is related to travel, and a recent survey indicated that more than 74% of travelers use comments of other consumers as reliable information source when planning trips for pleasure (Gretzel and Yoo, 2008).

Instagram was contribute lot of holiday destination also. While today's people are easier to connect and use smartphone, most of them are likely to share any kind of new place & experience in instagram. It was reasonable because facebook user are too general and the site's view are too complicated in smartphone, while the twitter are too small and the words limitation are some of things that distress their user itself. All holiday sites, which are popular or secret now get visited and explored. Based on the explanation above and the data shown, the writer has an interest to conduct a research about the impact of Electronic word of mouth to consumer purchase intention. That is why a research entitled: **"THE IMPACT OF E-**

WOM ON CONSUMER INTENTION TO SELECT HOLIDAY DESTINATION : EMPIRICAL STUDY ON INSTAGRAM USERS IN MALANG” is conducted.

II. Literature Review

Marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing is “meeting needs profitably.” The American Marketing Association offers the following formal definition: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings having value for customers, clients, partners, and society at large. Coping with these exchange processes calls for a considerable amount of work and skill. Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties (Kotler, 2012).

2.1 Marketing Mix

According to Kotler and Amstrong (2012), the marketing mix is a set of tools used by companies to

continuously achieve their marketing objectives in the target market. The variables are as follow:

1. Product: is a combination of goods and services produced by a company and offered to the target market.
2. Price: is the amount of money paid by the consumer to the producer to obtain a product.
3. Place (distribution channel): consists of a set of institutions that carry out all activities (functions) that are used to distribute the product and the status of the owner from producers to consumers.
4. Promotion: is an activity undertaken by the company to communicate the benefits of its products and to convince consumers to buy the product target.
5. Process: is an activity that shows how services are provided to consumers for purchases of goods.
6. People. It means the participants including the employees and sales service provider, or the people who are involved directly or

indirectly in the service process itself.

2.1.1 Electronic Word of Mouth

Hennig - Thureau et. al., (2004) argued that the electronic word of mouth is positive or negative statements made by potential customers or former customers about the products or the company, which is devoted to many people or institutions via internet. Consumers are likely to receive suggestions from the relatives, friends and colleagues because of the high credibility among them when talking about the product being consumed.

2.1.2 Intensity

Chen, Wang and Xie (2011, p. 239-240) explained that WOM is characterised by two dimensions, namely intensity and valence. These writers clarify that WOM intensity refers to the volume of messages expressed by consumers (i.e. how often and the amount of information expressed).

2.1.3 Valence of Opinion

A positively valence message increases preference for a WOM target (Basuroy et al. 2003;

Chevalier and Mayzlin 2006; Duan, Gu, and Whinston 2008; Eliashberg and Shugan 1997; Liu 2006) and it can be argued that a negatively valence message reduces it. Because of the greater diagnostic of high-volume (vs. low-volume) WOM, the disparity between the effect of positive and negative WOM should be greater when the volume (number) of messages is higher.

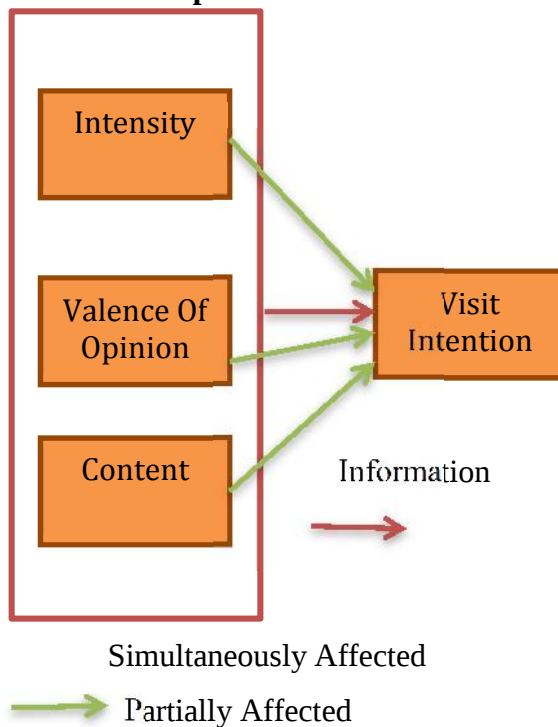
2.1.4 Content

Message content has been critical since the time of Aristotle's discussion of rhetorical theory, which is concerned with the ways in which communication can be made more persuasive.

2.2 Purchase Intention

According to Howard (1991, p. 41), purchase intention is closely related to consumers' plans in making actual purchase in certain period of time. Purchase intention also can be described as the urge or motivation arising from consumers' minds to purchase a certain brand after they evaluate it before deciding to make any purchase based on their needs, attitudes, and perceptions towards the brands.

Conceptual Framework



H1 : Intensity of social media has a significant effect on purchase intention

H2 : Valence of opinion of social media has a significant effect on purchase intention

H3 : Content of social media has a significant effect on purchase intention

III. Research Methodology

This research used quantitative approach. While the type of this research is explanatory research. The purpose of explanatory research is to test a theory or hypothesis to strengthen or even reject the theory or hypothesis of the research that has already existed.

3.1 Research Location

The research was potentially conducted towards the Resident of Malang City, East Java. The following questionnaires were distributed directly to the residents who currently live in Malang City.

3.2 Research Population

According to Sekaran (2003:265) population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate. That 48 population can be a group of people, a group of institution or organization, or a group of events. The population of this research is the resident of Malang City who currently lives and intended to stay for a long period.

3.3 Data collection Method

To collect all the Data, the researcher used questionnaire as the chosen method: Questionnaire is pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Sekaran, 2003)

3.3.1 Validity Test

According to Hair (1998) Validity is the degree to which a measure accurately represents what it is supposed to measure. The instrument is said to be valid if it is able to measure what is desired. Research questionnaire is considered valid if the instrument is actually able to measure the magnitude of the variables studied.

3.3.2 Reliability Test

According to Suliyanto (2006) Reliable is defined as to which the results of a measurement can be trusted. If the results of measurements carried out repeatedly relatively equal then the measurement is considered to have a good level of reliability. Hair (1998) stated that Reliability is the degree to which the observed variable measures the “true” value and is “error free”.

3.4 Classical Assumption Test

3.4.1 Normality Test

Normality test aims to see if the residual value is normally distributed or not. A good regression

model should have normally distributed residual value.

3.4.2 Multicollinearity Test

According Sekaran and Bougie (2013), multicollinearity is an often encountered statistical phenomenon in which two or more independent variables in a multiple regression model are highly correlated.

3.4.3 Heteroscedasticity test

Heteroscedasticity test is done to see whether there is an inequality of the variance of the residual one of one observation to another observation. If the variance from residual of one observation to other observation is the same, it is called homoscedasity. Meanwhile, if it is different, it is called heterosidacity (Ghozali, 2011).

3.5 Data Analysis Technique

3.5.1 Multiple regression analysis

This test used to determine the effect of Content, Valence of Opinion and Intensity. Thus the equation for this method in this research is:

$$Y = a + b_1X^1 + b_2X^2 + b_3X^3$$

Explanation:

Y = Consumer Intention

X^1 = Intensity

X^2 = Valence of Opinion

X^3 = Content

b_1, b_2, b_3 = Regression Coefficient

e = Error

3.5.2 Determination Coefficient(R²)

Determination Coefficient is measuring the extent of the ability of independent variables in explaining the variance of the dependent variable. The purpose of Determination Coefficient is to determine the amount of effect of independent variables (X) on the dependent variable (Y).

3.6 Hypothesis Test

3.6.1 Partial Test (T Test)

Ghozali (2011) stated that t test basically shows how far the influence of the independent variables individually in explaining

the dependent variable. T test is used to see the significant effect of the entire independent variable X partial effect on dependent variable Y.

3.6.2 Dominant Test

Dominant Test is to find out which variable from dependent variables is the biggest influence on the independent variable. To determine which independent variable that have the most dominant influence to dependent variable is by comparing the regression coefficient (β) between the variables each other.

I.V Result

4.1 Description of Respondents Characteristics

There are 28 male respondents (28%) and 72 female respondents (72%). It shows that the number of female respondents was dominant than male. respondents aged between 20 to 30 years old is about 68 respondents or (68%). Based on the information obtained, the majority of Internet users in Indonesia is 18-25 years old. The percentage reached 49.0 percent. That is, the segment's largest internet users in Indonesia are those

belonging to the category of digital natives. Digital natives are the generations born after 1980, when the Internet began to be widely used by the people. Meanwhile, those aged 26-35 years reaches 33.8 percent, followed by 14.6 per cent aged 35-45 years. The majority of respondents are students (83%). This may have a correlation between age and occupation. The reason why the respondents are dominated by student because those students are considered as the native's generation means that they were born in era of high technology that force them to use more internet. Another respondent of this research is entrepreneur because they have the same characteristic with students which have more leisure time than another worker. Those having income for more than > Rp.7.000.000 are 3 persons or 3% followed by an income range of Rp.5.000.000 – Rp.7.000.000 for 10 persons. Next, there 12 respondents or 12% have the income of Rp.3.000.000 - Rp.5.000.000. Then, another 62% or 62 respondents have the income for Rp.1.000.000 – Rp.3.000.000 for and the remaining

13% or 13 respondents are those having the income of less than 1.000.000. There are 13 respondents or 13% who have income under Rp.1.000.000 and this indicates that there is a correlation between occupation of students or those aged under 20.

4.2 Descriptive analysis of the variables

Description on the distribution of the question items are used to determine the frequency and variation of the respondents answers to the questions items in the questionnaire.

On the first variable named Intensity, respondents give positive answer with the mean score 3,65 it shows the mean value of Intensity (X1) variable is 3.65 which is close to 4. It can be concluded that most of the respondents agree with the statements related to Intensity. For the second variable it shows the mean value of Valence of Opinion (X2) variable that is 3.74 which is close to 4. It can be concluded that most of the respondents agree with the statements related to the Valence of Opinion. The third it shows the mean Value of Content (X3) variable

is 3.74 which is close to 4. It can be concluded that most of the respondents agree with the statements related to the Content. For the last variable it shows the mean value of Purchase Intention (Y) variable is 3.99 which is close to 4. It can be concluded that most of the respondents agree with the statements related to the Purchase Intention.

4.3 Research instrument

Good data collection instruments must meet two critical requirements that are valid and reliable. To fulfill these two criteria, the available data is needed to be tested with Validity Test and Reliability Test.

4.3.1 Validity Test

As all the sig. r the item in question is smaller than 0.05 ($\alpha = 0.05$), which means that each items are valid variable, so it can be concluded that these items can be used to measure the research variables.

4.3.2 Reliability Test

In this test, the value of the Cronbach alpha for all of the variables is greater than 0.6. Thus based on the provisions previously mentioned

then all the variables used for this present research are reliable.

4.3 Classical assumption test

This classical assumptions test must be done to fulfill the use of multiple linear regression. After having the calculation of regression through SPSS for Windows, the classical assumption test is done using regression testing.

4.3.1 Normality Test

Based on the calculation can be obtained sig. is 0.946 or it is greater than 0.05; then based on the provisions of H0 it is concluded that the normality assumption is fulfilled. According to the graph P-P Plots shows that normal data is when curve shape follows the direction of the diagonal line or histogram chart.

4.3.2 Multicollinearity Test

Multicollinearity test can be done by comparing the value of VIF (Variance Inflation Factor) by 10. If the value of $VIF > 10$ then multicollinearity occurs. Therefore, as there are VIF that above 10, it means that there are no multicollinearity between the independent variable.

4.3.3 Heterodascity Test

One of the requirements of heteroscedasticity test is a scatterplot of heteroscedasticity test is randomly scattered and does not form a shape or specific pattern. As the scatterplot doesn't form a specific pattern, then there is no heteroscedasticity found in this research.

4.4 Data Analysis Method

This multiple regression analysis is conducted to determine the relation of independent variables to dependent variable based on the result of data processing using SPSS for Windows ver. 17.00

In unstandardized regression, size variable or the size of the answer has been likened. The regression equation obtained as follows:

4.4.1 Multiple Regression Test

This multiple regression analysis consist of 2 kind of test; Multiple Regression Analysis and Regression Equation (R^2).

Table 4.16 Multiple Regression Analysis Result

Model	Standardized Coefficients	t	Sig.
	Beta		
1			
Constant		.342	.747
Intensity (X1)	0.358	4.503	0.000
Valence of Opinion (X2)	0.311	3.856	0.000
Content (X3)	0.361	5.002	0.000

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

$$Y = 0,3581 + 0,311X_2 + 0,361X_3$$

Based on the calculation, can be interpreted that all the independent are significantly effect on the dependent variable.

4.4.2 Regression Coefficient

Table 4.17 Coefficient Determinant Result (R^2)

Model	R	R Square	Adjusted R Square
1	0.719	0.517	0.502

Based on Table, the regression model has a coefficient of determination (adjusted R^2) of 0.502. It can be concluded that the contribution of the independent variables consisting of Intensity

(X1), Valence of Opinion (X2), and Content (X3) variables can affect the Purchase Intention (Y) as dependent variable for 50.2% and the rest of 49.8% is explained by other factors which are not discussed in this research

4.5 Hypothesis Test Result

The purpose of the Hypothesis Test is to ensure the answer to the hypothesis researcher has previously made. Regression models that have been obtained must be tested only for partially or T test.

Table 4.5.1 T Test Result

Model	t	Sig.	Information
1			-
Constant	.324	.747	
X1	4.503	0.000	Significant
X2	3.856	0.000	Significant
X3	5.002	0.000	Significant

4.5.2 Dominant Test

Content (X3) is a variable that has the greatest regression coefficient which influences the Purchase Intention (Y) followed by Intensity (X1) and Valence of Opinion (X2). It can be concluded that better Content

(X3) variable will be followed by better Purchase Intention (Y).

4.6 Discussion

Based on the result obtained in this research, the research problems of this research can finally be answered. Intensity (X1), Valence of Opinion (X2), and Content (X3) which are parts of Electronic Word of Mouth are used to reveal the Purchase Intention (Y) of tourism. The research and analysis show that there is simultaneous significant effect of Intensity (X1), Valence of Opinion (X2), and Content (X3) on Purchase Intention (Y). There is partial significant effect of Intensity (X1), Valence of Opinion (X2), and Content (X3) on Purchase Intention (Y). Importantly, Content (X3) is the most dominant variable that affects Purchase Intention.

4.6.2 The Effect of Intensity (X1), Valence of Opinion (X2), And

Content (X3) on Purchase Intention (Y)

From the results of the F test it is known that the independent variables that are Intensity, Valence of Opinion, and Content have a significant simultaneously influence on purchasing intentions as dependent variable at tourism advertising on Instagram or Facebook. This means that Intensity, Valence of Opinion and Content of tourism in social media have the ability to attract consumers to go to the place that has been promoted. The coefficient of determination (Adjusted R^2) of 50.2% showed a good relationship of change in Purchase Intention variable which is influenced by three variables, that are Intensity, Valence of Opinion and Content. While, the remaining 49.8% is influenced by other variables outside this study. Electronic Word of Mouth is closely related to customer purchase intention.

4.7 Managerial Implication

It is particularly effective for smaller businesses, with whom

customers may feel a more personal relationship. Social networks have become an important force in both business-to-consumer and business-to-business marketing. Different networks offer different benefits to firms. Moreover, in-depth research with more diverse characteristic of respondents and wider location of the research and object may result in more accurate research. The tourism as the object itself will remain exists and develop constantly for the upcoming years.

V. Conclusions and Recommendations

5.1 Conclusions

Intensity, Valence of Opinion, and Contents have a simultaneous significant effect to Purchase Decision. By improving these three variables together, it will create more and better influence on Purchasing Intention. The Internet now empower consumers to share information that can now be easily accessed and most consumers can tell his experience over the Internet, and influence other consumers through E-wom.

5.2 Suggestion

It make's the marketers have to always developed a new strategy of spreading the information, learns new thing and easy to adapt with new trends because these kind of marketing way are changing really fast. In other words, these kind of activity are helping the company to always concern about trends and attractive marketing way, so the customer are increasing and need to know more about the company services.

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